

11 JAN 1974

Began breaking codes in 1940

# Few in Ottawa know of secret NRC group

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Special to The Globe and Mail

OTTAWA — A secret branch of the National Research Council that uses mathematics and statistics, sophisticated electronics and huge computers to analyze intercepted foreign communications and to break military and diplomatic commercial codes has been in existence since 1940.

Known as the communications branch, it is so hush-hush that only a few senior Government officials have been aware of its existence, let alone its full mission, according to Government sources, although its staff has grown from a mere handful at its founding to nearly 300.

After the war, the few people at NRC who knew about the operation attempted several times to have the branch moved to a more appropriate agency such as the Defence Department or the RCMP, but they failed.

The branch's activities were given a public airing Wednesday night in an hour-long CBC television program. The CBC said the branch works hand in hand with the Central Intelligence Agency through a CIA representative at the U.S. Embassy in Ottawa.

It analyzes and attempts to decode radio messages originating in the Soviet Union and other countries that are routinely intercepted by U.S. and Canadian military listening posts (most of them in the North). It performs similar analyses on intelligence gathered by the RCMP and military intelligence agents here and abroad, including encoded messages intercepted between embassies in Canada and their home Governments.

The results are then passed on to the RCMP, the Defence Department, or the External Affairs Department and are often shared with military allies such as the United States, according to the Government sources.

Almost since its formation during the Second World War, the agency has operated in physical and administrative separation from the NRC.

Financing for the operation, estimated at more than \$5-million a year, is provided by the NRC under its budget. But it is controlled totally by the agency.

Sources say that the governing council of the NRC was never in-

formed about the true mission of the operation when it was hastily created by the Government in 1940. The council and recent presidents of the NRC, along with NRC staff in other divisions, have been in the dark about the operation even until today, the sources said yesterday.

One source suggested that the Prime Minister might not have really known about the agency before the first inklings of its existence surfaced during a CBC television program Wednesday evening.

The operation has always been located separately from any of the other NRC laboratories or operations. In the latest Government directory, the communications branch is listed under "miscellaneous" and is located at Confederation Heights in south Ottawa, miles from the central laboratories of the NRC in the east end of the capital.

Sources say that during and after the war, the intelligence analysis agency was supervised by a special committee composed of a representative of the External Affairs Department (usually a deputy minister), the commissioner of the RCMP and senior intelligence officers representing the Army, Navy and Air Force.

Since the 1950s, the agency has tended to run itself, with less direct control from its user and supplier agencies and with some sporadic supervision from the Prime Minister. One source thought that Lester Pearson knew of the agency when he was Prime Minister because previously he had been a secretary of the supervisory committee.

The original suggestion to form the operation came from senior members of the Cabinet. NRC was approached because it had research scientists the Government thought might be suited to trying to break military codes, according to sources. During the war, the operation was purely military in scope.

During the war, the small operation spent much of its time trying to break the German naval code by analyzing radio traffic between German warships in the southern hemisphere, according to one Government source.

Government sources noted that this period, did not operate any significant number of radio listening posts, but rather was supplied with

Just after the war, other Government departments balked at taking over responsibility for the intelligence analysis, in part because they still lacked the technical expertise needed in the code-breaking business. Sources say that even today the communications branch at NRC performs most of this type of analysis for the military, civilian and diplomatic agencies in Canada.

A lot of the military message traffic analyzed in Ottawa is picked up by the U.S. and Canadian military listening posts in the Arctic (such as the DEW line and the Ballistic Missile Early Warning System, and special U.S. listening posts in Alaska). Personnel on the northern radar lines spend as much effort "eavesdropping" on commercial and military traffic in other parts of the world as they do watching for invading missiles and planes, according to Ottawa sources.

One source particularly close to the operation during one period said flatly that Dr. William Schneider, the present president of NRC, and the members of the ruling council of NRC don't know anything about the intelligence operations of NRC's communications branch.

Yesterday, Dr. Schneider could not be reached all day for comment on the activities of the communications branch. Other NRC officials would not comment.

N. K. O'Neill, director of the communications branch, said yesterday that he couldn't make any comments on anything to do with his branch. He said that as a public servant he was not at liberty to release any information unless it was cleared by more senior authorities.

When asked whom he reported to, Mr. O'Neill replied that he had spent most of the morning trying to determine just that.

"Some information will no doubt come out in due time," he said.

When asked how large his branch and his budget was, Mr. O'Neill replied that "in a by-and-large classified job such as mine, I can't give you such details."

Government sources noted that little, if anything, about the formation or operation of the intelligence

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